



The Art of Passive Income Podcast With Mark Podolsky, AKA The Land Geek

Today's Guest: [Dr. Buck Joffrey](#)

Transcript

Mark: Hey, it's Mark Podolsky, The Land Geek with your favorite nichey real estate website www.TheLandGeek.com and I'm really excited for today's guest. It's not often that we get a board certified surgeon. I'm actually kind of intimidated Scott, but before we talk to guest I would be remiss if I didn't properly introduce to you. You know him, you love him, Six Sigma, the mini bat man himself, Scott Todd from ScottTodd.net, LandModo.com. And most importantly, if you're not automating your Craigslist and your Facebook postings, PostingDomination.com/TheLandGeek. Scott Todd, how are you?

Scott: Mark, I'm great. How are you?

Mark: I'm great. I'm really excited for this podcast for a number of reasons. Are you ready for this?

Scott: I mean, yeah. Like, what can we say? Here's a guy that has it figured out, and he has seen things in the body that we can't even imagine.

Mark: Yeah. You know it's so funny because I talk so much about solo economic dependency, and oftentimes even the high income earning surgeons and doctors and lawyers they have solo economic dependency. Because if they are not working or they are not billing they're not making

any money, and our guest somehow realized this and was able to avoid solo economic dependency. So let's talk to Buck Joffrey. Dr. Buck Joffrey he's a podcaster, a best-selling financial author, a real estate investor and a board certified surgeon. Buck Joffrey, how are you?

Dr. Buck: I'm good, man. How are you?

Mark: Pulse is normal, respiration is fine. So, Buck it's not often that we get a board certified surgeon that is sort of a real asset expert and a financial author. So, kind of walk us through how you made this sort of transition, and why you even thought about it?

Dr. Buck: Yeah, it's a long story but in a nutshell. Basically, I started out like a lot of doctors and I was a good student. So, I was an A-student, I went to college and got A's and went to med school. I did well and actually, started out as a neurosurgery resident. So, I was doing brain surgery and made some switches there, but ended up ultimately, believe it or not as a cosmetic surgeon. It was interesting because as soon as I finished my training the day after I got married the day after my training, my wife and I were on our honeymoon to Mexico, and on the way back I was trying to find a book to read in this dingy bookstore in Puerto Vallarta. It was either this book with this guy with long flowing hair and no shirt on, or it was Robert Kiyosaki's, Cash Flow Quadrant and I never heard of Robert Kiyosaki, and I didn't really know anything about money. Now, understand I was like a really academic guy writing papers, chapters, books and things like that.

So I picked up this book, read it on the plane and came off, I was completely transformed. I was like what the...? I mean, it didn't even occur to me that there was a world outside of being a professional; the idea that I could control my own financial destiny. All these things were just mind blowing to me, and so that's where it all started, Mark. From there, instead of going into working for somebody else I said, "Well, gosh what could I do? Let me just start my own practice and let's must make sure that I can phase myself out of that practice" and so I did that. Then I started another business and I did the same thing, I started another business and I did the same thing and guess what, I started making a lot of money and at that point you have to figure out what are you going to with all this money?

Well, conventional wisdom would tell you that you should find a good wealth advisor and just write him a check and by that time the idea you know the Kiyosaki influence, and by the way my dad was doing real estate for my entire life. I just didn't like the phone ringing and all the tenants, termites, tenants, and all that junk. And so, I was thinking "Well, how can I do this in a way that I can invest, but not make it a massive pain?" and so that's

where my journey began. So it's been financial education, application and ultimately teaching too in the way of writing books and doing the podcasts.

Mark: So, when did you have this sort of epiphany that you had the golden handcuffs? I mean, so many people will look at your life from the outside and say, "Well, here's a guy that has everything."

Dr. Buck: Yeah. Well, it's funny because I did a very briefly work for a company coming out of training and I was doing lots of facelifts and I went from making I don't know... My chief residency year in San Francisco I went from \$40-50,000 a year that year, and next year I think I made a half-million in the first year out and I was super happy. I mean, I was like "Wow, this is a lot of money." and the funny thing was though after little bit, I started thinking, "Gosh, who owns this place?"

Mark: Right.

Dr. Buck: And wait a second, he is making a lot more money than me. So, that's kind of where I got it. I think I just got the entrepreneurial bug and I have to again just say it's a lot of... I just owe to Robert Kiyosaki's books. I really had the purple book story and it was a mindset shift, and so rather than looking for ways I could be a worker bee and make a lot of money, which at that point I could. I was starting to look, "Okay, what's the next level. How can I be the guy who is benefiting from all of the labor", but not just doing the whole hours for dollar's thing that we all know that at the end of the day, even if your super high paid like I was, relatively speaking at the time, it was still like a finite amount of time I had in my life and so I had a cap, I didn't like the idea. To me now, thinking of a half-million dollars salary sounds kind of depressing. I know that sounds ridiculous, but it sounds depressing. Why? Because it's a salary. It's what you make pretty much no matter what, and that's depressing.

Mark: Yes. Scott Todd, Buck is like our guy, isn't he?

Scott: We should put him on a billboard.

Dr. Buck: Okay, I'll do that.

Mark: Because it's so true, we can always make more money but we can't get more time and oftentimes the cliché is, well, doctors make the worst entrepreneurs or the worst business people and it's not as... these are the highly educated, really bright, hard-working, you know ambitious people. So, why aren't they sort of more entrepreneurial?

Dr. Buck: That's exactly why, Mark. That's exactly why. See, that's the thing that I figured out and I've had a chance to get to know Robert Kiyosaki well, and you know he's always talking about A students working for C students and all that stuff, right?

Mark: Right.

Dr. Buck: But I told him, "You know what, it's there's a reason for this." The reason for that is that when you're an A student and you go through school you're always succeeding, and when you succeed it's like a dopamine hit and it's a positive feedback. You keep wanting to succeed, you keep wanting people to pat you on the back, and you and I as entrepreneurs know that entrepreneurial endeavors are inherently risky and there is a risk of failure, no matter what. Now, if all you've had in your life is success why in the world would you go down that rabbit hole? That's why.

Mark: Yeah, that's so true and you see it. There's a great book that even talks about this it's Carol Dwek, and she talks about that mindset of a growth mindset versus a fixed mindset. Where a fixed mindset the children are getting the message you're smart, and well what does that mean I'm smart? And then, as soon as reality hits and they get the first B on the test they're like, "Wow!" It really throws him for a loop whereas the growth mindset as well I got a B on that test, but I can work harder next time and it's not fixed. I'm not set here, I can just grow and do all that. I think that book is Mindset. Scott, do you know the book?

Scott: I think it is. I can't remember the exact name of it, but I think that you're on it.

Mark: Yeah. So let's kind of go into Wealth Formula Banking - Velocity Plus. What do those terms mean?

Dr. Buck: You know those are... so the notion behind the whole show is trying to unveil these secrets of the wealthy, right?

Mark: Right.

Dr. Buck: I mean, one of the things that I did during that period, I finished my training around 2008-2009 and we're in 2018 now, but for the first few years I was just kind of stumbling around figuring out "How do I do this if I'm not going to invest like everybody else, how do I invest?" So really, what it came down to is for me to really try to explore some of these strategies that I had a hunch were there, that the ultra-wealthy were using, and I just

wanted know if I could use them, too. Or did it require me to have \$100 million, or could I do it as a high paid professional.

So, Wealth Formula Banking and Velocity Plus are part of those part of that journey is discovering these interesting strategies that actually, most people don't know are available to them. Wealth Formula Banking is a type of strategy that allows you to utilize a type of life insurance product that ultimately, effectively axes a high interest bank account. But when you invest in the money, invest that money into something. It actually allows you to invest that money and then have it still growing in the initial account, therefore making it so you're investing your money in two places at the same time. It's a little confusing, hard to explain in a nut shell but that is how it works and that's wealth formula banking and Velocity Plus is a similar kind.

By the way wealth formula banking so if you're a cash flow investor that is a phenomenal approach. I mean you could either invest and get your 10% cash and cash or you could get 10% cash on cash plus an additional 4% compounding in this account or something like that. So why not? So that's one thing. Velocity Plus is a different product it's also based in the insurance world, but this one actually blew my mind because, listen I'm not a Wall Street guy right. I don't like stocks and all of that because I don't get it, I just don't get it, Mark, and if I don't get it I'm just not interested usually.

But here's the thing what Velocity Plus does and this is a product that really was only for people who were 20 million+ until very recently. What this does is say you're a guy who likes to invest in the stock market and you're used to it, and you want exposure to the S&P 500. What if you could do the same thing and take pretty much all of the upside of the stock market every year, and when it crashes or correct not take any of the downside. Pretty good deal, right? At that point, I'm actually interested in this product and that's Velocity Plus in a nutshell.

It's complicated because it's effectively utilizing these strategies that involve options. It's basically the long option on the S&P 500, and either it comes through or it doesn't. So you can only make money and not lose money and of course when you have something like that banks would love to loan you money for it because there's very little risk of you losing money, there's basically no risk so you can leverage this up. So now, if the stock market makes 7% in a year you actually make 19% or 20% in a year and if the market goes down by 20% you lose nothing. So that's what it is.

Mark: That's really cool.

Dr. Buck: Check it. I mean, it's crazy and this stuff is rampant, Mark. I'm telling you this is what I love to do. I just love to figure out these products that all these ultra-wealthy people have and now I live in Santa Barbara so they're everywhere around me and it's just like you've got to be kidding me. How come I didn't know about that?

Mark: So why real assets as opposed to stock, bonds and mutual funds?

Dr. Buck: Well usually I mean, obviously when I talk about Velocity Plus that's not a real asset not the way I define real assets that's just the risk. If you want to be in a stock market and only make money and not lose it that's an option but real assets for me make more sense. I mean ultimately, when I talk about real assets I'm talking about real estate, I'm talking about precious metals to a certain extent. I'm talking about things that you can see, touch and feel and the reason that I preferred them is if you take Velocity Plus out of the picture and all you do is you're investing in the equity markets you just have very, very little control and it just really not clear why things go up and down.

Then 2008, of course, boom and before you know it all his money evaporated from everybody's retirement account. Why? Because of the bank failure, because Wall Street got greedy? Well, guess what people who owned property cash flowing real estate for example at that point like my dad their property values went way down and some of them if they didn't buy smart they lost their properties. But a lot of guys like my dad he was like, "Okay, I'm still cash flowing on my property, and now they're saying my property is not worth as much. But who cares? I don't care, I wasn't trying to sell it anyway, and I still got cash flow coming in, right?" That's what people don't get and that's where like we get misled by Wall Street because they show these ideas of one market follows the other that's true the markets do. The real estate markets and the equity markets they do correlate, but if you're investing for cash flow it's a completely different game if you do it right, and so that's the idea.

Mark: Scott Todd, what are your thoughts?

Scott: I think it's amazing because essentially like, I think a lot about this Mark like you know with our land. So essentially, there will come a time in which the real estate market shifts on us and some portion of our notes will fall out, but at the same time it doesn't really matter because essentially, I've got people that are paying down my cost basis in the land. So, I have to turn around and sell it even at a lower price than what I could. Today it doesn't matter because it's all relative because every single month someone is paying down my note.

So then, I can kind of go and change that whole model because I'm buying the cash flow and essentially, I mean like, cash flow is king. I mean, like even if you go look at the stock market again I'm not a fan of the stock market either, but when you look at it the stocks to buy are not the high flyers. The stocks to buy are the dividend paying stocks that are going to generate cash every single quarter to you because it's the cash account.

Mark: Right. Buck, what's some of the worst advice you hear given in your area of expertise?

Dr. Buck: Well, my area of expertise being, I think investing in general. I think some of the things that the people are told in general you know, conventional wisdom in finance like for example paying off your debt. Well, I happen to be a big fan of debt you have to know how to use it right, but I will tell you that I truly believe, Mark that it is virtually, unless you're like an entertainer or something like that, it is virtually impossible to become wealthy without debt.

So that's one of the worst pieces of advice I think people get is try to... You know you have, let's say maybe you buy apartment building or you buy some kind of rental property and you've got a nice spread between your mortgage, and your cash flow and you're trying to pay down debt. Why would you do that? Because once the money sitting in that property it's dead. I'm a big believer in the velocity of money and just trying to turn things as quickly as possible, and so that would probably be the worst advice and then, of course, saving money which is probably even worse. If you put money in the bank what does it do? Then that's the worst investment you can possibly make because it's a guaranteed loser right with inflation.

The other thing with debt of course is with debt with inflation over time, if you have good debt it will actually get washed away by inflation. So, there's so many of these little conventional wisdom things about saving money and not using debt that are actually completely the opposite of what the affluent do.

Mark: It's so true, it's so true. It's like we're running in the same circles, Buck. I can't tell you...

Scott: I liked what he just said. I mean, think about what he just said, Mark. Like, good debt gets washed away with inflation. That's something that you don't really think about too often, right. Think about it like...

Dr. Buck: That erodes debt. I mean if you think about it, right? My parents bought a house when I was a kid for \$100,000 and they had a debt. They had debt on there of \$80,000 you know 20 years later the house was worth like \$300,000 and guess what how much debt they had? They still had a mortgage that started out at \$80,000 so that's at 50 and now, the actual value of that \$50,000 that they owed went way down, they've eroded debt.

Mark: Yeah.

Dr. Buck: It's printing your own money.

Mark: It's so funny because one of my buddies who's really just super conservatives is bragging to me that he is paying down his mortgage twice as fast so that he wouldn't pay so much in interest on his house, and I'm thinking to myself well you can't eat equity, right?

Dr. Buck: Right.

Mark: That was just like, I tried to explain it to him then he's like "Oh that does make sense." So then, he bought some rental property I'm like see the difference and so he kind of got it.

Dr. Buck: Yeah, and then there's this entire other thing there that's called asset protection. I mean, listen, what's the best way you can protect your property? Well, if you've got a loan on it, you don't have much equity on it. If you just pay off your house and you're sitting on it, you have no mortgage I mean you're just a sitting duck, that's crazy. The best possible asset protection you can have is some kind of lien from a lender. Now, I will tell you that I know and I've seen this personally, one of the strategies it's another strategy of the ultra-wealthy is called Equity Stripping. I don't if you're familiar with that concept.

Mark: I have heard of Equity Stripping. Can you explain it?

Dr. Buck: Yeah. So basically, you have like a third-party company and obviously it needs to be designed well and if... But basically, you have a third-party company that maybe you own or somebody else owns that you can essentially put liens on property that you own if it's done properly and when you do that you have got you've basically stripped out the equity.

So you may have a third-party company that has a lien on your property for \$100,000 and it was \$100,000 of equity you've had on that property. Guess what, there's no equity in the property. So if you get sued there's nothing to get. So that is a massive, massive strategy for a lot of people, particularly

ultra-wealthy people, especially if you take say, put that strategy in with an offshore like a Cook Islands trust or something like that and through a lien on to something else. There is just an insane amount of stuff you can do to make yourself bulletproof and a lot of it is with liens.

Mark: Yeah, but Buck, why not just have a home equity line, a HELOC.

Dr. Buck: Yeah. I mean, that's very real too if you're actually using that, then why not. I mean again it's just about... My point is that so if you want to pull out, if you use a HELOC or you use you know just your everyday mortgage you're going to be able to pull out a fair amount of equity I'm talking about pulling out the rest, right?

Mark: Right.

Dr. Buck: And pulling it down, making it looks like a turnup.

Mark: Right. I love it. Scott Todd, any other questions?

Scott: No, I'm still trying to my brain around the third-party lien on your house like that's great.

Mark: Wow. So Buck, you've got a podcast. What is the [00:24:04] [indiscernible] the podcast?

Dr. Buck: Sorry, you went out for a second, what?

Mark: I'm sorry. In your Wealth Formula Podcast who are some of your guests and what is your focus?

Dr. Buck: Wealth Formula Podcast is really about what I try to do is I try to unveil a lot of these secrets, and I tried to create a different investing paradigm, I create a different wealth creation paradigm than what people are used to. What I really try to do is introduce concepts, different ways of investing and things outside of Wall Street. My guests are well, typically, they're anywhere from people who work in asset classes that maybe are less understood or not a lot of people know about them like say for example land. I mean that would be very interesting show, I'd love to have you on the podcast.

For example, you know life settlements that's another thing that a lot of people don't know. It's basically buying life insurance policies from octogenarians who are sick and want their money now, instead of in the afterlife and things like that and then there's also guests like Robert Kiyosaki

who was on the show or we had the chief economist of Fannie Mae so it's a high-level. At a high level where it's both a practical: how can I investor, how should I invest and also things that are much more paradigm shifting and educational.

Mark: I love it. All right, last question before we get to the tip of the week. Crypto, do you like it?

Dr. Buck: Yeah. I have a crypto currency hedge fund so I do like it.

Mark: Okay. What do you like about it?

Dr. Buck: So here is the thing crypto currency people mostly are afraid of crypto and they think it's a big sham, etc. there may be... I mean listen, was there a bubble? Yeah, but this is a... I think the way to look at this is this is a brand-new technology and I've done a pretty deep dive into this. The underlying technology is distributed ledger technology and distributed ledger technology ultimately what that does is it just takes the middleman out of everything, whether that's...

Everybody talks about companies being the Uber of this or Uber of that, I'm talking about replacing Uber because you don't need Uber. You can just have the end-user and the consumer, or you have the consumer and the provider connecting. You can have somebody who is creating energy selling directly to somebody who is buying energy; you can have artists who are creating music selling directly to people buying music. So it's far more than just Bitcoin. Bitcoin is a storage value and currency. It is an entire revolution which I really do believe will fundamentally change everything the way we do things right now, it is impactful as the Internet.

So, to not get exposure to this I think to me is sort risky because listen, I don't think you should invest your retirement money in here, but like I said to my investors in this fund. I said, "Well, the only way I want you invest in this is if you are going to buy a new BMW this year and you decided okay I'll skip the BMW I'll buy into the crypto currency fund instead. Why? Because that BMW is guaranteed to lose you money. It's not going to make you any money. It's going to depreciate to zero and here we have an opportunity potentially to be... you know we're in a \$400 billion market that if it goes to a trillion in the next 12 months, which a lot of people believe it will because of the institutional money that's about to get in May and June it could really make a lot of money. So it's speculative, no doubt, and it's not part of my core investment strategy but it's something I like.

Mark: All right, fantastic. Well, we're at that point now Buck, where we're going to ask you for your tip of the week: a website, a resource, a book – something actionable where the Art of Passive Income listeners can go right now – improve their businesses, improve their lives. I think this mentorship has been amazing, but we're going to ask you for one more tip.

Dr. Buck: Sure. So, which one do you want, you want the tip?

Mark: Sure.

Dr. Buck: So, start over. What do you want first?

Mark: Oh, whatever you want because it's your tip of the week.

Dr. Buck: Oh, tip of the week.

Mark: It could either be a website, a resource, or a book anything you want.

Dr. Buck: Okay. So tip of the week, let's see I would say that one thing that I have learnt is that there's a saying, "If you're going to go into a dark cave for the first time bring someone who's been there before." So this is very, very important and I think this goes to kind of what you do, Mark is you have discovered this area of investing in land. People like me are looking at it and saying, "Wow. I mean, that sounds interesting maybe I could do that."

Now, the cheapskates is going to go in there and say I'm going to go do this myself and then he's going to lose thousands and thousands of dollars or you can find somebody who's been there, who their way around and pay them a little bit. Don't be cheap. Bring somebody who's been there before and it will pay in massive dividends. Last year I spent about \$100,000 on masterminds and educational events and I easily came out way ahead on that.

Mark: Oh yeah, absolutely. I always, 10X my return on any type of coaching or mastermind. It's like the best investment you can ever make is in yourself. It's so true and so this has been great. Scott Todd, how about your tip of the week?

Scott: Mark, I'm going to take kind of a thought this week. Like I've got to get more like the Zen master quotes of the week kind of deal, but the thought came in really about focusing. Like, it's so easy to get off course and get business ADD to listen to all this thing and crypto and all these other stuff, and I think that really the best thing that you can do is get laser focused kind of like what Buck was saying, just get laser focused on a

strategy, stick with that strategy and play it out and I think you'll be amazed at how you can move that needle.

Mark: I love it. Well, my tip of the week is learn more about Dr. Buck Joffrey go to WealthFormula.com, he's got a great podcast with amazing guest and yours truly is going to be one of them. So check that out, and I'll have the link to WealthFormula.com as well in the show notes.

I do want to remind everybody the only way, the only way we're going to get the quality of guests like a Dr. Buck Joffrey is if you do us three little favors; you've got to subscribe, you've got to rate and you've got to review the podcast. Send us a screenshot of that review to Support@TheLandGeek.com. We are going to send you for free our *Passive Income Launch Kit* which is normally \$97 course. So please do that.

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Dr. Buck: Yeah, we are good. Thanks for having me.

Mark: All right. I want to thank the listeners and Scott, are you ready to do this?

Scott: [silent]

Mark: Wait. Scott, you're on mute, still on mute.

Scott: Yeah, let's go.

Mark: All right. Everybody, one, two, three.

Mark & Scott: Let freedom ring.

[End of Transcript]